Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

LIMITED OFFICIAL USE

PAGE 01 ROME 07113 231716Z

73
ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 AID-20 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 IO-14 NEA-14 NSAE-00 RSC-01

OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 L-03 H-03 DRC-01 /145 W
---------- 014690
R 231547Z MAY 74
FM AMEMBASSY ROME
TO SECSTATE WASHDC 4956
INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY MADRID
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
AMEMBASSY STOCKHOLM
AMEMBASSY VIENNA
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS

LIMITED OFFICIAL USE ROME 7113

E.O. 11652: N/A
TAGS: EFIN, OECD, IT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ROME 07113 231716Z

SUBJECT: DIRECT INVESTMENT ISSUES IN THE OECD

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

REF: A. STATE 89852
B ROME 6254
C. ROME 6628
D. ROME 6841

1. SUMMARY. MINISTRY FOREIGN AFFAIRS (MFA) REP PENSA BRIEFED EMBOFF MAY 20 ON INTER-MINISTERIAL MEETING ON OECD DIRECT INVESTMENT REFORM AT WHICH EMBASSY'S AID-MEMOIRE (REF B) DISCUSSED. PENSA STRESSED INABILITY GOI ASSUME OBLIGATIONS WHICH MIGHT AFFECT ITS REGIONAL POLICIES AND NOTED EC MEMBER GOVERNMENTS ALREADY HAVE CERTAIN EC OBLIGATIONS WHICH MUST BE REFLECTED IN OECD EXERCISE. GOI HAS NO CONSCIOUS POLICY TOWARDS MULTINATIONAL CORPORATION (MNC) INVESTMENT AND IS SATISFIED WITH SCOPE, BUT NOT PACE, OF OECD WORK PROGRAM ON MNCS. GOI BELIEVES APPROACH TAKEN IN OECD TO INTERNATIONAL INVESTMENT REFORM IS TOO LEGALISTIC AND WOULD PREFER GREATER EFFORTS TOWARDS HARMONIZATION AND LESS RIGID CONSULTATIONS SYSTEM. AND NEW OECD COMMITMENT SHOULD SPECIFICALLY COVER DISINVESTMENT AS WELL AS INVESTMENT. GOI SEES NO RPT NO CHANCE OF LDCS ACCPETING ANY PRINCIPLES DRAWN UP BY OECD BUT BELIEVES COMMON OECD POSITION ON JOINT VENTURES WITH LDCS WOULD BE USEFUL. INTER-MINISTERIAL MEETING OCCASIONED WIDESPREAD CRITICISM OF USG FOR FAILURE PROVIDE OECD WITH COMPLETE INFO ON US INVEST-MENT POLICIES AND FOR "UNWRITTEN DISCRIMINATION" ENCOUNTERED BY NON-US FIRMS TRYING TO MAKE DIRECT INVESTMENT IN US. END SUMMARY.

2. MFA REP PENSA (DIRECTOR, OECD AFFAIRS) PROVIDED EMBOFF WITH EXTENSIVE BRIEFING ON INTER-MINISTERIAL MEETING ON OECD DIRECT INVESTMENT REFORM EXERCIES ATTENDED BY REPS FROM MINISTERIES FOREIGN AFFAIRS, FOREIGN TRADE, FINANCE, BUDGET, AND TREASURY, BANK OF ITALY, ENI (STATE OIL/PETROCHEMICAL CONGLOMERATE) AND CONFIND-USTRIA (PRIVATE SECTOR ASSOCIATION). INVITED BUT NOT ATTEND-ING WERE MINISTRY INDUSTRY AND MINISTRY STATE HOLDINGS.

3. PENSA BEGAN BRIEFING BY EMPHASIZING INABILITY GOI ASSUME INTERNATIONAL OBLIGATIONS (WHETHER IN OECD OR ELSEWHERE) WHICH MIGHT IMPINGE UPON ITALIAN EFFORTS PROMOTE ECONOMIC DEVELOPMENT OF SOUTH ITALY, SICILY AND SARDINIA. HE NOTED OTHER LIMITED OFFICIAL USE

OECD MEMBERS WILL HAVE SIMILAR PROBLEMS IN VIEW OF THEIR REGIONAL POLICIES. PENSA THEN OBSERVED THAT INVESTMENT POLICY IS WITHIN PURVIEW OF EC AND THAT ITALY AND OTHER EC MEMBERS ALREADY HAVE EC OBLIGATIONS WHICH WILL CONDITION THEIR ATTITUDE TOWARD INTERNATIONAL INVESTMENT REFORM.

4. PENSA STATED GOI HAS MIXED FEELINGS TOWARDS MNCS. WHILE PROBABLY A NET IMPORTER OF CAPITAL, AND CERTAINLY OF TECHNOLOGY, WITHIN MNC

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

CONTEXT, ITALY ALSO HAS ITS OWN MNCS--FIAT, ENI, MONTEDISON--WITH WIDESPREAD OVERSEAS OPERATIONS. DESIRE TO CONTROL MCN OPERATIONS IN ITALY MUST BE BALANCED BY NEED PROTECT ITALIAN MNC INTERESTS ABROAD. RESULT IS THAT GOI "HAS NO CONSCIOUS MNC INVESTMENT POLICY," ACCORDING PENSA. GOI SATISFIED WITH SCOPE, BUT NOT PACE, OF OECD WORK PROGRAM ON MNCS.

5. PENSA SAID SEVERAL SECTORS--E.G., TRANSPORTATION, TELECOMMUNI-CATIONS, ELECTRICITY AND INSURANCE--ARE "CLOSED" TO FOREIGN INVEST-MENT OR FOREIGN CONTROL IN ITALY AND WILL REMAIN "CLOSED" IN FUTURE.

6. PNESA INDICATED THERE IS WIDESPREAD CRITICISM OF USG WITHIN MINISTRIES AND PRIVATE SECTOR FOR ALLEGED FAILURE PROVIDE COMPLETE INFO TO OECD ON US INVESTMENT POLICIES. INTER-MINISTERIAL MEETING ALSO OCCASIONED NUMEROUS REFERENCES FROM BOTH GOI AND PRIVATE SECTOR REPS ABOUT "UNWRITTEN DISCRIMINIATION" ENCOUNTERED WHEN FOREIGN FIRMS TRY TO MAKE DIRECT INVESTMENT IN US, WHICH PRACTICE IS CONTRARY TO FREQUENT USG ASSURANCES THAT THERE IS NO DISCRIMINATION

IN US INVESTMENT LAWS/POLICIES. (PENSA DID NOT CITE SPECIFIC EXAMPLES, BUT EMBASSY BELIEVES THIS ATTITUDE STEMS FROM US REGULATORY BODIES AND COURT CASES IN WHICH DECISION WAS ADVERSE TO FOREIGN INVESTOR.)

7. ACCORDING PENSA, GOI GENERALLY SATISFIED WITH APPROACH TAKEN AND WORK DONE BY OECD IN AREA OF INTERNATIONAL INVESTMENT REFORM, BUT BELIEVES PRESENT OECD SYSTEM IS TOO LEGALISTIC. INSTEAD OF SEEKING RIGID COMPLIANCE UNDER STRICT RULES GOI PREFERS COM-PARATIVE, HARMONIZATION APPROACH. GOI DOES NOT RPT NOT FAVOR RIGID CONSULTATIONS REQUIREMENTS, AS THIS LEADS TO CONFRONT-ATION RATHER THAN PROBLEM SOLVING. BOTH BANK OF ITALY AND TREASURY FAVOR SPECIFICALLY COVERING DISINVESTMENT AS WELL AS INVEST-MENT IN ANY OECD SYSTEM.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

8. PENSA BELABORED POINT THAT APRIL UNGA SPECIAL SESSION SHOWED HOW "IMPOSSIBLE" IT IS TO DEAL WITH LDCS ON INVESTMENT ISSUES. MOST THAT CAN BE HOPED FOR IS COMMON POSITION AMONG OECD MEMBERS BUT THERE IS NO RPT NO REASON BELIEVE LDCS WOULD ACCEPT PRINCIPLES DEVELOPED WITHIN OECD. HE NOTED LDCS HAVE NECESSARY VOTES TO PUSH THROUGH UN "CHARTER OF ECONOMIC RIGHTS AND DUTIES" AS ADVO-CATED INTER ALIA BY MEXICO. GOI WOULD LIKE TO SEE STUDY (IN OECD OR ELSEWHERE) OF SYSTEM OF JOINT VENTURES WITH LDCS.
VOLPE

LIMITED OFFICIAL USE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT LAW, BUDGETS, INVESTMENTS, MEETINGS, CAPITAL FLOWS, AIDE MEMOIRE, MINISTERIAL MEETINGS, FOREIGN POLICY POSITION, JOINT VENTURES, BUSINES S FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ROME07113
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740129-0803
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740523/aaaaaucq.tel
Line Count: 164
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. STATE 89852
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAR 2002 by collinp0>; APPROVED <08 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DIRECT INVESTMENT ISSUES IN THE OECD
TAGS: EFIN, IT, XX, OECD, (PENSA)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005